

Section 1 Introduction

1.1 Welcome

Thank you for your participation in California Franchise Tax Board's e-file Program. We are pleased to welcome you back and thank you for your support. If you are new to our program, welcome aboard and thank you for joining our team.

This publication is designed to provide Software Developers and Transmitters the technical information they need to participate in our program. It outlines the data communication procedures, transmission formats, characters sets, validation criteria, error codes, and record layouts for e-filing California individual income tax returns. It also details the format of statement records, explains the Acknowledgement File, defines the electronic signature options, and provides examples of return and attachment sequences.

This is one of four e-file publications you will need to be a successful participant in the California **Individual** e-file Program. The other publications you will need are:

- 2005 e-file Handbook for Authorized e-file Providers of California **Individual** Income Tax Returns (FTB Pub. 1345).
- 2005 e-file Handbook Supplement for Authorized e-file Providers of California Individual Income Tax Returns (FTB Pub. 1345A).
- 2005 Test Package for e-file of California Individual Income Tax Returns (FTB Pub. 1436).

1.2 e-file Calendar – Taxable Year 2005

You can submit your *California e-file Program Participant Enrollment Form* (form FTB 8633) throughout the year.

November 21, 2005	FTB Begins Accepting Test Transmissions (PATs Testing) Testing will begin upon release of the <i>Test Package for e-file of Individual Income Tax Returns</i> (FTB Pub. 1436).
January 3, 2006	First Day to Transmit Live Returns
April 17, 2006	Last Day to Transmit Timely-Filed Returns California state personal income tax returns have an automatic six-month extension date for timely filing. All taxes owed must be paid by April 17. If the balance due is not paid by April 17, penalties and interest will apply.
April 25, 2006	Last Day to Retransmit Rejected Timely-Filed Returns
April 28, 2006	FTB Stops Accepting Test Transmissions
October 16, 2006	Last Day to Transmit Returns
October 21, 2006	Last Day to Retransmit Rejected Returns
December 31, 2006	Last Day for EROs and Transmitters to Retain Acknowledgment File Material for Returns e-filed in 2006 Remember: For each return an ERO files, the ERO must retain the return for four years from the due date of the return or for four years from the date the return is filed, whichever is later. If the ERO uses either the <i>California e-file Return Authorization for Individuals</i> (form FTB 8453) or the <i>California e-file Signature Authorization for Individuals</i> (form FTB 8879), they must keep the form with the return for the same period of time.

1.3 Where Can I Get More Information?

FTB Restricted e-file Directory – New for 2005

FTB's Restricted e-file Directory is an online directory of advanced draft technical e-file information targeted towards electronic filing participants who develop software & transmit returns. The e-file Restricted Directory is a secure site located on our Website at: <http://www.ftb.ca.gov/efileSRD>.

Access to this directory requires a password. Contact the e-file Coordinator to get more information about access to this site.

For e-file assistance and information please visit our Website or contact our e-Programs Customers Service Unit:

Website: www.ftb.ca.gov/professionals/efile

e-Programs Customer Service Unit:

Phone: (916) 845-0353

Fax: (916) 845-0287

Email: e-file@ftb.ca.gov

Available Monday through Friday, between 8 a.m. and 5 p.m.

Send comments or suggestions regarding the California e-file Program or this publication to:

e-file Coordinator, MS F284

Franchise Tax Board

PO Box 1468

Sacramento CA 95812-1468

Phone: (916) 845-6180

Fax: (916) 845-5340

Email: e-file.coordinator@ftb.ca.gov

Assistance for persons with disabilities: We comply with the Americans with Disabilities Act. Persons with hearing or speech impairments please call TTY/TDD (800) 822-6268.

1.4 What's New for Taxable Year 2005?

Business e-file

Beginning, January 2006, we will offer e-filing for corporations filing Form FTB 100 and certain accompanying schedules. Refer to FTB Publication 1346B, *2005 Business e-file Guide for Software Developers and Transmitters*. **Note:** Expected release date is September 30, 2005.

Subscription Services

Subscription Services is a Free Web-based ListServ email system which allows you to opt-in to receive information directly to your email account. ~~The following three lists will be available November 2005:~~ **Note:** Expected to be available mid-December 2005.

- Tax News Alerts – Stay informed with current state tax laws, FTB regulations, policies, procedures and events with short news articles. All current subscriptions will be automatically transferred.
- CA e-file Alerts – Receive short updates about important issues that may affect you.
- ~~CTP Alerts – Tax forms developers can receive updated forms revisions, information regarding the forms development process, draft and final postings of tax forms and instructions.~~

Note: We will provide additional information regarding Subscription Services in the next release of this publication.

e-file CD ROM Discontinued

The production and mailing of our e-file CD ROM (FTB 1345C) is discontinued this year. Information contained on the CD ROM will be available on our Website (www.ftb.ca.gov). We will revise our e-file Forms and Publications Web page to allow the download of each section of the publication as well as the publication in their entirety.

Forms and Schedule Changes

Changes

- Deleted Form 3504, *Long-Term Care Credit*
- Deleted Form 3535, *Manufacturers' Investment Credit*

Error Codes

- Error codes that have been added are identified as "New" in Section 8, Error Codes.
- ~~The following error code was deleted: 245~~
- Error codes for the e-Signature program are included in both Section 3 and Section 8.

1.5 Reminders

Mandatory e-file

California law requires individual income tax returns prepared by certain income tax preparers to be e-filed unless the return cannot be e-filed due to reasonable cause. Reasonable cause includes a taxpayer's election to opt-out (choose not to e-file).

If you prepared more than 100 California individual income tax returns in any calendar year beginning January 1, 2003 or after and in the following calendar year prepare one or more using tax preparation software, then you must e-file all acceptable returns in that following year and all subsequent calendar years thereafter.

To learn more about this important law, refer to Section 2.2 of the *2005 e-file Handbook* (FTB Pub 1345) and visit our Website at www.ftb.ca.gov and search for: mandatory e-file.

e-Signature Program

We offer the same PIN methods available from the IRS: the Self-Select PIN, the Practitioner PIN, and the ERO PIN.

To facilitate the e-Signature Program the following record and forms are used:

- Authentication Record – Used to transmit electronic signature and authentication information with an e-filed return.
- *2005 California e-file Signature Authorization for Individuals* (form FTB 8879) – Used to record and print taxpayer and tax preparer/ERO signature information when a return is signed electronically.
- *2005 California e-file Payment Record for Individuals* (form FTB 8455) – Used to record and print payment information when a return is signed electronically.

All signature methods, including pen-on-paper using FTB 8453/8453-OL, will be accepted for all California e-file return types (Form 540, 540 2EZ, 540NR, and 540NRS).

To learn more about this program, refer to Section 3 of this publication.

Online e-file Program Enrollment Form

You can enroll or update your enrollment information online at our [Website](#). Log in using your IRS-issued Electronic Filer Identification Number (EFIN) and complete the one-page form online. Click the submit button and our e-Programs Customer Service Unit can begin processing your form immediately. When you enroll or update your information online there is nothing to mail to FTB.

DDR/EFW Indicator

This indicator makes it clear what banking transactions are being requested. Use the indicator on the return form (Field 0466) to identify a request for Direct Deposit of Refund (DDR) or Electronic Funds Withdrawal (EFW) of the current year balance due. **Leave the indicator blank if the only banking transaction is an EFW for Estimated Tax Payments withdrawal.** For a DDR or EFW of the current year refund or balance due to occur, the indicator must be present.

Estimate Payment(s) Request with e-file Return

e-file provides the ability to send a schedule of electronic funds withdrawal requests for estimated tax payments as part of the e-file return transmission. The entries (fields) for the dates and amounts of the estimate payments will be contained in the return form record and will be provided to the taxpayer on their form FTB 8455, FTB 8453, or FTB 8453-OL.

Customer Service Number (CSN)

Our CSN program no longer applies to online e-filers. Online e-filers do not need this number to e-file their return and EROs do not need it to e-file their clients' returns. However, the CSN is required as the authentication key for using all our online services. To use these services on your client's behalf, you will need their permission and their CSN. We encourage you to check out these services and recommend them to your clients. See below for a description of these services.

Taxpayers and their authorized representatives can obtain their CSN by visiting our Website at <http://www.ftb.ca.gov>.

Online Services

The following online options are available for taxpayers who need to conduct business with FTB. We encourage you to integrate access to these services into your product.

Check Your Account Balance Due and View Payments You've Made

This service allows taxpayers and their authorized representatives to view current year payment activity, the total balance due on the account, up to 25 estimated payments, and tax year summaries (tax computation) with payments applied. Visit: <http://www.ftb.ca.gov/online/> to access this service. The taxpayer's unique SSN/CSN combination is required for authentication.

Electronic Installment Agreement

This service simplifies and speeds up the process of applying for an installment agreement. Taxpayers complete the application in a secure section of our Website, using their CSN for authentication. We instantly send them confirmation that we received the application, including a 10-digit confirmation number that they can use to check the status of their request. If we accept the application, we will notify them within 30 days. Currently, this service is for taxpayers' use only. See <http://www.ftb.ca.gov/online/eIA/index.html> for more information.

Web Pay

Taxpayers can use Web Pay, our online payment service, to make their return payment, pay their tax bills, or make estimated tax payments. The process is similar to arranging an online bill payment. Taxpayers enter their account information, the kind of payment they're making, the amount of the payment, and the date they want the payment made. We'll deduct the specified amount on the date they indicate. The taxpayer's unique SSN/CSN combination is required for authentication.

FTB 8879 and 8453/8453-OL

The taxpayer, ERO, and paid preparer must sign forms FTB 8879, FTB 8453 or FTB 8453-OL prior to the transmission of the e-file return. **Do not mail these forms to FTB.**

Planned System Maintenance Schedule

We are reserving Tuesday mornings from **5:00 a.m. – 6:00 a.m.** PST for scheduled system maintenance. We plan to consolidate all non-critical maintenance activity into this window. If you receive a transmission error during this time, please try again after **6:00 a.m.**, PST. We will notify you via email whenever our system is down, or plans to be down, outside the normal maintenance window for longer than one hour.

State Employer Identification Number (SEIN)

The SEIN consists of all characters from box 15 of the taxpayer's Form W-2. This entry can be up to 14 positions long. We will accept any character in this field, including numbers, alpha characters, spaces, dashes, and other punctuation marks or symbols. Enter the information exactly as it appears in box 15. If box 15 is blank, leave the e-file field blank.

The 2-position (alpha only) field preceding the SEIN must contain the two-letter state abbreviation.

Test Returns

Be sure not to send test returns to the **production** e-file System.

1.6 Technical Changes

General Information

Narrative

To help you easily locate changes from the 2004 specifications, substantive and technical changes as of 9/28/05 are marked in red.

Changes made since 9/28/05 are marked in blue.

Changes made since 11/16/05 are marked in green.

Record Layouts

Substantive changes are noted in red in the column “2005 Chg.” Non-substantive changes are noted in red, but not marked in “2005 Chg.” Annual updates to dates (e.g., changing 2004 to 2005) may not be marked in red.

2nd Draft (11/16/05) – Substantive changes made since 9/28/05 are noted in blue in the column “2005 Chg” and are dated 11/16. Non-substantive changes are noted in blue, but may not be marked in the “2005 Chg” column. Fields deleted since 9/28/05 have been removed.

Final (12/21/05) – Substantive changes made since 11/16/05 are noted in green in the column “2005 Chg” and are dated 12/21. Non-substantive changes are noted in green, but may not be marked in the “2005 Chg” column. Fields deleted since 11/16/05 have been removed.

1.7 What's Changed

Changes as of 12/21/2005

Form 540 2EZ

- Modified:
 - Field +0107: Removed “Not Used” from Field Description
 - Field 0112: Removed “Not Used” from Field Description
 - Field 0117: Removed “Not Used” from Field Description

Form 5805

- Added:
 - Field 0705: Field was previously numbered 0710; Changed Form Reference
 - Field 0706: AMT & Mental Health Tax
 - Field 0707: AMT & Mental Health Tax
 - Field 0708: AMT & Mental Health Tax
 - Field 0709: AMT & Mental Health Tax
 - Field 0711: Add Line 14a and Line 14b
 - Field 0712: Add Line 14a and Line 14b
 - Field 0713: Add Line 14a and Line 14b
 - Field 0714: Child and Dependent Care Credit Amount
 - Field 0715: Child and Dependent Care Credit Amount
 - Field 0716: Child and Dependent Care Credit Amount
 - Field 0717: Child and Dependent Care Credit Amount
- Modified:
 - Field 0680: Changed Form Reference
 - Field 0690: Changed Form Reference
 - Field 0700: Changed Form Reference
 - Field 0710: Changed Field Name and Form Reference
 - Field 0720: Changed Field Name
 - Field 0730: Changed Field Name
 - Field 0740: Changed Field Name
 - Field 0750: Changed Field Name

Changes as of 11/16/2005

Form 540

- Added:
 - Field 0233: Capital Construction Fund Literal
 - Field 0234: Capital Construction Fund Amount
- Deleted:
 - Field 0439: Asthma and Lung Research Fund

Long Form 540NR

- Added:
 - Field 0233: Capital Construction Fund Literal
 - Field 0234: Capital Construction Fund Amount
- Deleted:
 - Field 0439: Asthma and Lung Research Fund

Short Form 540NR

- Modified:
 - Field 0079: Changed Field Name
 - Field 0477: Changed Form Reference
- Deleted:
 - Field 0439: Asthma and Lung Research Fund

Form 540 2EZ

- Deleted:
 - Field 0439: Asthma and Lung Research Fund

Schedule CA (540)

- Added:
 - Field 0635: Certain Business Expenses – Additions
 - Field 0637: Certain Business Expenses – Subtractions
- Modified:
 - Field 0680: Changed Form Reference (corrected from Pub. 1346 First Draft)

Schedule CA (540NR)

- Added:
 - Field 0635: Certain Business Expenses – Additions
 - Field 0637: Certain Business Expenses – Subtractions

Schedule HOH/Form 4803e

- Added:
 - Field 0147: Live With Spouse – Not Applicable
- Modified:
 - Field *0012: Changed Field Length
 - Field *0122: Changed Field Length

Schedule P (540)

- Modified:
 - Fields 0590 – 2150: Changed Form Reference
 - Fields 1665 – 1667: Changed Field Description
- Deleted:
 - Field 0550: (Code 214) Long-Term Care Credit Amount
 - Field 0560: Credit Used This Year
 - Field 0570: Tax Balance

Schedule P (540NR)

- Modified:
 - Fields 0590 – 2150: Changed Form Reference
 - Fields 1665 – 1667: Changed Field Description
- Deleted:
 - Field 0542: (Code 214) Long-Term Care Giver
 - Field 0544: Ratio
 - Field 0550: (Code 214) Long-Term Care Credit Amount
 - Field 0560: Credit Used This Year
 - Field 0570: Tax Balance

Form 3510

- Deleted:
 - Field 0195: CA AMT NOL Deduction

Changes as of 9/28/2005

Form 540

- Added:
 - Field 0067: Taxpayer Prior Year Last Name
 - Field 0069: Spouse Prior Year Last Name
 - Field 0242: Tax Rate Schedule Indicator
 - Field 0345: Mental Health Services Tax
 - Field 0377: Claim of Right
 - Field 0378: Claim of Right Amount
 - Field 0444: Veterans' Quality of Life Fund
 - Field 0446: CA Colorectal Cancer Prevention Fund
 - Field 0450: Total Contributions (Previously Field 0445)
- Modified:
 - Field 0330: Changed Form Reference
 - Field 0335: Changed Form Reference
 - Field 0340: Changed Form Reference
 - Field 0341: Changed Field Description
 - Field 0445: Changed Field Name – Now: CA Sexual Violence Victim Services Fund
and Form Reference
 - Field 0460: Changed Form Reference
 - Field 0465: Changed Form Reference
 - Field 0470: Changed Form Reference
 - Field 0475: Changed Form Reference
 - Field 0476: Changed Form Reference
 - Field 0477: Changed Form Reference
- Deleted:
 - Field 0440: CA Missions Fund

Long Form 540NR

- Added:
 - Field 0067: Taxpayer Prior Year Last Name
 - Field 0069: Spouse Prior Year Last Name
 - Field 0242: Tax Rate Schedule Indicator
 - Field 0345: Mental Health Services Tax
 - Field 0377: Claim of Right
 - Field 0378: Claim of Right Amount
 - Field 0444: Veterans' Quality of Life Fund
 - Field 0446: CA Colorectal Cancer Prevention Fund
 - Field 0450: Total Contributions (Previously Field 0445)
- Modified:
 - Field 0330: Changed Form Reference
 - Field 0335: Changed Form Reference
 - Field 0340: Changed Form Reference
 - Field 0341: Changed Field Description
 - Field 0445: Changed Field Name – Now: CA Sexual Violence Victim Services Fund

and Form Reference

- Field 0460: Changed Form Reference
 - Field 0465: Changed Form Reference
 - Field 0470: Changed Form Reference
 - Field 0475: Changed Form Reference
 - Field 0476: Changed Form Reference
 - Field 0477: Changed Form Reference
- Deleted:
 - Field 0304: Credit for Long Term Care
 - Field 0440: CA Missions Fund

Short Form 540NR

- Added:
 - Field 0067: Taxpayer Prior Year Last Name
 - Field 0069: Spouse Prior Year Last Name
 - Field 0444: Veterans' Quality of Life Fund
 - Field 0446: CA Colorectal Cancer Prevention Fund
 - Field 0450: Total Contributions (Previously Field 0445)
- Modified:
 - Field 0074: Changed Field Name
 - Field 0079: Changed Field Name
 - Field 0081: Changed Field Description, Field Type, Field Length
 - Field 0082: Changed Field Description, Field Type, Field Length
 - Field 0206: Changed Field Description, Field Type, Field Length
 - Field 0445: Changed Field Name – Now: CA Sexual Violence Victim Services Fund
 - Field 0460: Changed Form Reference
 - Field 0465: Changed Form Reference
- Deleted:
 - Field 0440: CA Missions Fund

Form 540 2EZ

- Added:
 - Field 0067: Taxpayer Prior Year Last Name
 - Field 0069: Spouse Prior Year Last Name
 - Field 0444: Veterans' Quality of Life Fund
 - Field 0446: CA Colorectal Cancer Prevention Fund
 - Field 0450: Total Contributions (Previously Field 0445)
- Modified:
 - Field 0101: Changed Form Reference
 - Fields 0201-0398: Changed Form Reference
 - Field 0445: Changed Field Name – Now: CA Sexual Violence Victim Services Fund
 - Field 0460: Changed Form Reference
 - Field 0465: Changed Form Reference
- Deleted:
 - Field 0440: CA Missions Fund

Schedule CA (540)

- Added:
 - Field 0650: Domestic Production Activities Deduction – Federal
 - Field 0651: Domestic Production Activities Deduction – Subtractions
- Modified:
 - Field 0624: Changed Form Reference
 - Field 0630: Changed Form Reference
 - Field 0631: Changed Form Reference
 - Field 0640: Changed Form Reference
 - Field 0642: Changed Form Reference
 - Fields 0660-0960: Changed Form Reference
 - Field 0980: Changed Form Reference, Field Length, Filed Description
 - Fields 0990-1120: Changed Form Reference
- Deleted:
 - Field 0005: ½ Military Pay Literal
 - Field 0635: Certain Business Expenses – Additions
 - Field 0637: Certain Business Expenses – Subtractions

Schedule CA (540NR)

- Added:
 - Field 0650: Domestic Production Activities Deduction – Federal
 - Field 0651: Domestic Production Activities Deduction – Subtractions
 - Field 0653: Domestic Production Activities Deduction – Total
 - Field 0654: Domestic Production Activities Deduction – CA
- Modified:
 - Field 0005: Changed Filed Name, Field Type, Field Length, Field Description
 - Fields 0624-0634: Changed Form Reference
 - Fields 0640-0646: Changed Form Reference
 - Fields 0660-0975: Changed Form Reference
 - Field 0980: Changed Form Reference, Field Length, Filed Description
 - Fields 0990-1170: Changed Form Reference
- Deleted:
 - Field 0635: Certain Business Expenses – Additions
 - Field 0637: Certain Business Expenses – Subtractions

Schedule HOH/Form 4803e

- Added:
 - Field 0021: Qualifying Dependent Box – No (Previously Field 0025)
 - Field 0022: More Than Half Support Box – Yes
 - Field 0024: More Than Half Support Box – No
 - Field 0026: Qualifying Person Full Time Student – Yes
 - Field 0028: Qualifying Person Full Time Student – No
 - Field 0132: Qualifying Citizen – Yes
 - Field 0134: Qualifying Citizen – No
 - Field 0136: Single – Yes (Previously Field 0130)
 - Field 0138: Single – No (Previously Field 0135)

- **Modified:**
 - Field 0010: Changed Field Description
 - Fields 0030-0070: Changed Form Reference
 - Field 0115: Changed Form Reference, Field Description
 - Fields 0120-0122: Changed Form Reference
 - Field 0124: Changed Form Reference and Field Name
 - Field 0125: Changed Form Reference and Field Name
 - Field 0126: Changed Field Name, Form Reference, Field Type, Field Length
 - Fields 0127-0130: Changed Form Reference
 - Fields 0140-0180: Changed Form Reference
 - Field 0225: Changed Field Name, Field Type, Field Length, Field Description
- **Deleted:**
 - Field 0025: Qualifying Dependent Box – No (Now Field 0021)
 - Field 0080: Date – From
 - Field 0090: Date – To
 - Field 0100: Date – From
 - Field 0110: Date – To
 - Field 0135: Single – No (Now Field 0138)
 - Field 0190: Date – From
 - Field 0200: Date – To
 - Field 0210: Date – From
 - Field 0220: Date – To
 - Field 0227: Best Time To Call: After
 - Field 0230: Best Time To Call: Hour
 - Field 0232: Best Time To Call: AM
 - Field 0235: Best Time To Call: PM

Form W-2

- **Modified:**
 - Field 0242: Changed Field Description
 - Field 0252: Changed Field Description
 - Field 0257: Changed Field Description
 - Field 0260: Changed Field Description

Form 592-B

- **Modified:**
 - Field 0210: Changed Field Name
 - Field 0280: Changed Field Name
- **Deleted:**
 - Field 0140: Social Security Number/PTIN
 - Field 0150: FEIN
 - Field 0155: California Corp. Number
 - Field 0160: Name
 - Field 0170: Address
 - Field 0180: Private Mailbox Nubmer
 - Field 0190: City, State, ZIP
 - Field 0200: Daytime Telephone Number

Form 593-B

- Modified:
 - Field 0050: Changed Field Type
 - Field 0115: Changed Field Type
 - Field 0230: Changed Field Description
- Deleted:
 - Field 0235: (0333 x Amount Subject to Withholding)
 - Field 0240: Reduced by FTB
 - Field 0245: R0400 (Confirmation Number)

Form 3504

Deleted Long-Term Care Credit Form – Form Obsolete

Form 3505

Form not in use for 2005 Tax Year

Form 3510

- Modified:
 - Field 0040: Changed Field Description (Reinstated for 2005)
 - Field 0195: Changed Field Description

Form 3535

Deleted Manufacturers' Investment Credit Form – Form Obsolete

Form 3805V

- Modified:
 - Field 0890: Changed Field Description

Form 5805

- Modified:
 - Field 0190: Changed Field Name